

AMENDED IN SENATE JULY 6, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1040

Introduced by Assembly Member Ting

February 26, 2015

~~An act to amend Section 19522 of the Revenue and Taxation Code, relating to taxation. An act to amend Sections 64, 480.1, 480.2, and 482 of, to add Section 480.9 to, and to add and repeal Section 486 of, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1040, as amended, Ting. ~~Franchise Tax Board: federal tax law changes: report.~~ *Property taxation: change in ownership.*

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975–76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred.

Existing law specifies those circumstances in which the transfer of ownership interests in a corporation, partnership, limited liability company, or other legal entity results in a change in ownership of the real property owned by that entity, and generally provides that a change in ownership as so described occurs if a legal entity or other person obtains a controlling or majority ownership interest in the legal entity. Existing law requires the Franchise Tax Board to include a question on returns for partnerships, banks, and corporations to assist in the

determination of whether a change in ownership under the circumstances described above has occurred.

This bill would additionally specify that if more than ____% of the direct or indirect ownership interests in a legal entity are sold or transferred in a single transaction, as defined, the real property owned by that legal entity has changed ownership whether or not any one legal entity or person that is a party to the transaction obtains control, as defined. This bill would require the Franchise Tax Board to include an additional question on returns for partnerships, banks, and corporations to assist in the determination of whether a change in ownership as so described has occurred. This bill would require the State Board of Equalization to prescribe regulations as may be necessary to carry out the purposes of this act. This bill would also require the State Board of Equalization to report to the Legislature, no later than January 1, 2021, regarding the implementation of these changes in ownership, including, but not limited to, the economic impact and frequency of reassessments of real property owned by legal entities.

Existing law requires, upon a change in control or change in ownership of a legal entity that owns an interest in real property in this state, or when requested by the State Board of Equalization, that the person or legal entity acquiring ownership or control, or the legal entity that has undergone a change in ownership, file a change in ownership statement with the board, as specified. Existing law requires a penalty of 10% of the taxes applicable to the new base year value, as specified, or 10% of the current year's taxes on the property, as specified, to be added to the assessment made on the roll if a person or legal entity required to file a change in ownership statement fails to do so.

This bill would require a person or legal entity acquiring ownership interests in a legal entity, if more than ____% of the ownership interests in the legal entity are sold or transferred, as described above, to file a change in ownership statement signed under penalty of perjury with the State Board of Equalization. This bill would increase the penalties for failure to file a change in ownership statement, as described above, from 10% to 15%, and would provide that the penalty shall apply for failure to file a complete statement with the State Board of Equalization following a transfer of legal entity ownership interests.

This bill would require the State Board of Equalization to notify assessors if a change in control or a change in ownership of a legal entity has occurred.

By expanding the crime of perjury and by imposing new duties upon local county officials with respect to changes in ownership, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

This bill would include a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

This bill would take effect immediately as a tax levy.

~~Existing law, requires the Franchise Tax Board to submit to the Legislature, and to make available to the public, on or before January 10 of each year, a report on all of the changes to the Internal Revenue Code enacted into law in the prior year, as provided:~~

~~This bill would instead require that report to be submitted and made available on or before February 1 of each year.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: ~~no~~-yes. State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 64 of the Revenue and Taxation Code is
2 amended to read:
3 64. (a) Except as provided in subdivision (i) of Section 61 and
4 subdivisions (c) and ~~(d)~~ of this section, (d), the purchase or transfer
5 of ownership interests in legal entities, such as corporate stock or
6 partnership or limited liability company interests, ~~shall~~ does not
7 be deemed to constitute a transfer of the real property of the legal
8 entity. This subdivision ~~is applicable~~ applies to the purchase or
9 transfer of ownership interests in a partnership without regard to
10 whether it is a continuing or a dissolved partnership.

(b) Any corporate reorganization, where all of the corporations involved are members of an affiliated group, and that qualifies as a reorganization under Section 368 of the United States Internal Revenue Code and that is accepted as a nontaxable event by similar California statutes, or any transfer of real property among members of an affiliated group, or any reorganization of farm credit institutions pursuant to the federal Farm Credit Act of 1971 (Public Law 92-181), as amended, shall not be a change of ownership. The taxpayer shall furnish proof, under penalty of perjury, to the assessor that the transfer meets the requirements of this subdivision.

For purposes of this subdivision, “affiliated group” means one or more chains of corporations connected through stock ownership with a common parent corporation if both of the following conditions are met:

(1) One hundred percent of the voting stock, exclusive of any share owned by directors, of each of the corporations, except the parent corporation, is owned by one or more of the other corporations.

(2) The common parent corporation owns, directly, 100 percent of the voting stock, exclusive of any shares owned by directors, of at least one of the other corporations.

(c) (1) (A) When a corporation, partnership, limited liability company, other legal entity, or any other person obtains control through direct or indirect ownership or control of more than 50 percent of the voting stock of any corporation, or obtains a majority ownership interest in any partnership, limited liability company, or other legal entity through the purchase or transfer of corporate stock, partnership, or limited liability company interest, or ownership interests in other legal entities, including any purchase or transfer of 50 percent or less of the ownership interest through which control or a majority ownership interest is obtained, the purchase or transfer of that stock or other interest shall be a change of ownership of the real property owned by the corporation, partnership, limited liability company, or other legal entity in which the controlling interest is obtained.

(B) (i) *When more than ____ percent of the direct or indirect ownership interests in a legal entity are sold or transferred in a single transaction, the purchase or transfer of the ownership interests is a change in ownership of the real property owned by the legal entity, including the real property owned by legal entities*

1 *under its control, whether or not any one legal entity or person*
2 *that is a party to the transaction obtains control, except when the*
3 *sale or transfer qualifies for an exclusion from change in ownership*
4 *under any other law or does not result in a change in ownership*
5 *under any other law.*

6 *(ii) For purposes of this subparagraph:*

7 *(I) "Control" means control as described in subparagraph (A).*

8 *(II) "Legal entity" means a corporation, partnership, limited*
9 *liability company, or other legal entity.*

10 *(III) "Ownership interests" means corporate voting stock,*
11 *partnership capital and profits interests, limited liability company*
12 *membership interests, and other ownership interests in legal*
13 *entities.*

14 *(IV) "Single transaction" means a plan consisting of one or*
15 *more sales or transfers of ownership interests that occur on or*
16 *after January 1, 2016. For purposes of this subclause, it shall be*
17 *rebuttably presumed that a sale or transfer is part of a single*
18 *transaction if either of the following occur:*

19 *(ia) The transferees are persons described in Section 267(b) of*
20 *Title 26 of the United States Code.*

21 *(ib) The sales or transfers occur with a 36-month period,*
22 *commencing on the date of the first sale or transfer of the*
23 *ownership interests that occurs on or after January 1, 2016.*

24 *(V) "Sold or transferred" does not include a sale of stock or*
25 *interests of a publicly traded corporation or a publicly traded*
26 *partnership in the regular course of a trading activity on an*
27 *established securities market, as defined in Section 1.7704-1(b)*
28 *of Title 26 of the Code of Federal Regulations, unless shares are*
29 *acquired as part of a merger, acquisition, private equity buyout,*
30 *transfer of partnership shares, or any other means by which a*
31 *change in ownership would otherwise occur pursuant to this*
32 *subparagraph.*

33 *(2) On or after January 1, 1996, when an owner of a majority*
34 *ownership interest in any partnership obtains all of the remaining*
35 *ownership interests in that partnership or otherwise becomes the*
36 *sole partner, the purchase or transfer of the minority interests,*
37 *subject to the appropriate application of the step-transaction*
38 *doctrine, shall not be a change in ownership of the real property*
39 *owned by the partnership.*

1 (3) *For purposes of this section, indirect ownership or transfer*
2 *of ownership interests shall be measured proportionately.*

3 (d) If property is transferred on or after March 1, 1975, to a
4 legal entity in a transaction excluded from change in ownership
5 by paragraph (2) of subdivision (a) of Section 62, then the persons
6 holding ownership interests in that legal entity immediately after
7 the transfer shall be considered the “original coowners.” Whenever
8 shares or other ownership interests representing cumulatively more
9 than 50 percent of the total interests in the entity are transferred
10 by any of the original coowners in one or more transactions, a
11 change in ownership of that real property owned by the legal entity
12 shall have occurred, and the property that was previously excluded
13 from change in ownership under the provisions of paragraph (2)
14 of subdivision (a) of Section 62 shall be reappraised.

15 The date of reappraisal shall be the date of the transfer of the
16 ownership interest representing individually or cumulatively more
17 than 50 percent of the interests in the entity.

18 A transfer of shares or other ownership interests that results in
19 a change in control of a corporation, partnership, limited liability
20 company, or any other legal entity is subject to reappraisal as
21 provided in subdivision (c) rather than this subdivision.

22 (e) (1) To assist in the determination of whether a change of
23 ownership has occurred under subdivisions (c) and (d), the
24 Franchise Tax Board shall include a question in substantially the
25 following form on returns for partnerships, banks, and corporations
26 (except tax-exempt organizations):

27 If

28 (A) *If the corporation (or partnership or limited liability*
29 *company) owns real property in California, has cumulatively more*
30 *than 50 percent of the voting stock (or more than 50 percent of*
31 *total interest in both partnership or limited liability company capital*
32 *and partnership or limited liability company profits) (1) been*
33 *transferred by the corporation (or partnership or limited liability*
34 *company) since March 1, 1975, or (2) been acquired by another*
35 *legal entity or person during the year? (See instructions.)*

36 (B) *If the corporation (or partnership or limited liability*
37 *company) owns real property in California, has more than ____*
38 *percent of the direct or indirect ownership interests in that legal*
39 *entity been sold or transferred (1) in a single transaction, or (2)*
40 *amongst persons described in Section 267(b) of Title 26 of the*

1 *United States Code, or (3) in multiple transactions (other than*
2 *those occurring on an established securities market) within a*
3 *36-month period? (See instructions.)*

4 (2) If the entity answers “yes” to ~~(1) or (2)~~ in any of the above
5 ~~question, questions~~, then the Franchise Tax Board shall furnish
6 the names and addresses of that entity and of the stock or
7 partnership or limited liability company ownership interest
8 transferees to the State Board of Equalization.

9 (f) *For purposes of this section, ownership interests counted to*
10 *determine that a change in control or change in ownership of a*
11 *legal entity has occurred shall not be counted again in determining*
12 *whether any other sale or transfer of ownership interests results*
13 *in a change in ownership of the real property reassessed as a result*
14 *of the change in control or change in ownership.*

15 (g) *The board shall prescribe regulations as may be necessary*
16 *to carry out the purposes of the act adding this subdivision.*

17 SEC. 2. *Section 480.1 of the Revenue and Taxation Code is*
18 *amended to read:*

19 480.1. (a) Whenever there is a change in control of any
20 corporation, partnership, limited liability company, or other legal
21 entity, as defined in *subparagraph (A) of paragraph (1) of*
22 *subdivision (c) of Section 64*, a signed change in ownership
23 statement as provided for in subdivision (b), shall be filed by the
24 person or legal entity acquiring ownership control of the
25 corporation, partnership, limited liability company, or other legal
26 entity with the board at its office in Sacramento within 90 days
27 from the date of the change in control of the corporation,
28 partnership, limited liability company, or other legal entity. The
29 statement shall list all counties in which the corporation,
30 partnership, limited liability company, or legal entity owns real
31 property.

32 (b) The change in ownership statement as required pursuant to
33 subdivision (a), shall be declared to be true under penalty of perjury
34 and shall give ~~such~~ *that* information relative to the ownership
35 control acquisition transaction as the board shall prescribe after
36 consultation with the California Assessors’ Association. The
37 information shall include, but not be limited to, a description of
38 the property owned by the corporation, partnership, limited liability
39 company, or other legal entity, the parties to the transaction, and
40 the date of the ownership control acquisition. The change in

1 ownership statement shall not include any question which is not
2 germane to the assessment function. The statement shall contain
3 a notice that is printed, with the title in at least 12-point boldface
4 type and the body in at least 8-point boldface type, in the following
5 form:

6
7 “Important Notice”
8

9 “The law requires any person or legal entity acquiring ownership
10 control in any corporation, partnership, limited liability company,
11 or other legal entity owning real property in California subject to
12 local property taxation to complete and file a change in ownership
13 statement with the State Board of Equalization at its office in
14 Sacramento. The change in ownership statement must be filed
15 within 90 days from the date of the change in control of a
16 corporation, partnership, limited liability company, or other legal
17 entity. The law further requires that a change in ownership
18 statement be completed and filed whenever a written request is
19 made therefor by the State Board of Equalization, regardless of
20 whether a change in control of the legal entity has occurred. The
21 failure to file a change in ownership statement within 90 days from
22 the earlier of the date of the change in control of the corporation,
23 partnership, limited liability company, or other legal entity, or the
24 date of a written request by the State Board of Equalization, results
25 in a penalty of ~~10~~ 15 percent of the taxes applicable to the new
26 base year value reflecting the change in control of the real property
27 owned by the corporation, partnership, limited liability company,
28 or legal entity (or ~~10~~ 15 percent of the current year’s taxes on that
29 property if no change in control occurred). This penalty will be
30 added to the assessment roll and shall be collected like any other
31 delinquent property taxes, and be subject to the same penalties for
32 nonpayment.”

33 (c) In the case of a corporation, the change in ownership
34 statement shall be signed either by an officer of the corporation or
35 an employee or agent who has been designated in writing by the
36 board of directors to sign such statements on behalf of the
37 corporation. In the case of a partnership, limited liability company,
38 or other legal entity, the statement shall be signed by an officer,
39 partner, manager, or an employee or agent who has been designated

1 in writing by the partnership, limited liability company, or legal
2 entity.

3 (d) No person or entity acting for or on behalf of the parties to
4 a transfer of real property shall incur liability for the consequences
5 of assistance rendered to the transferee in preparation of any change
6 in ownership statement, and no action may be brought or
7 maintained against any person or entity as a result of that
8 assistance.

9 Nothing in this section shall create a duty, either directly or by
10 implication, that such assistance be rendered by any person or
11 entity acting for or on behalf of parties to a transfer of real property.

12 (e) The board or assessors may inspect any and all records and
13 documents of a corporation, partnership, limited liability company,
14 or legal entity to ascertain whether a change in control as defined
15 in *subparagraph (A) of paragraph (1) of subdivision (c) of Section*
16 *64* has occurred. The corporation, partnership, limited liability
17 company, or legal entity ~~shall~~ *shall*, upon request, make those
18 documents available to the board during normal business hours.

19 *SEC. 3. Section 480.2 of the Revenue and Taxation Code is*
20 *amended to read:*

21 480.2. (a) Whenever there is a change in ownership of any
22 corporation, partnership, limited liability company, or other legal
23 entity, as defined in *subparagraph (B) of paragraph (1) of*
24 *subdivision (c) or subdivision (d) of Section 64*, a signed change
25 in ownership statement as provided in subdivision (b) shall be filed
26 by the corporation, partnership, limited liability company, or other
27 legal entity with the board at its office in Sacramento within 90
28 days from the date of the change in ownership of the corporation,
29 partnership, limited liability company, or other legal entity. The
30 statement shall list all counties in which the corporation,
31 partnership, limited liability company, or legal entity owns real
32 property.

33 (b) The change in ownership statement required pursuant to
34 subdivision (a) shall be declared to be true ~~and~~ under penalty of
35 perjury and shall give ~~such~~ *that* information relative to the
36 ownership interest acquisition transaction as the board shall
37 prescribe after consultation with the California Assessors'
38 Association. The information shall include, but not be limited to,
39 a description of the property owned by the corporation, partnership,
40 limited liability company, or other legal entity, the parties to the

1 transaction, the date of the ownership interest acquisition, and a
2 listing of the “original coowners” of the corporation, partnership,
3 limited liability company, or other legal entity prior to the
4 transaction. The change in ownership statement shall not include
5 any question which is not germane to the assessment function. The
6 statement shall contain a notice that is printed, with the title in at
7 least 12-point boldface type and the body in at least 8-point
8 boldface type, in the following form:

9
10 “Important Notice”
11

12 “The law requires any corporation, partnership, limited liability
13 company, or other legal entity owning real property in California
14 subject to local property taxation and transferring shares or other
15 ownership interest in such legal entity which constitute a change
16 in ownership pursuant to *subparagraph (B) of paragraph (1) of*
17 *subdivision (c) or subdivision (d) of Section 64 of the Revenue*
18 *and Taxation Code to complete and file a change in ownership*
19 *statement with the State Board of Equalization at its office in*
20 *Sacramento. The change in ownership statement must be filed*
21 *within 90 days from the date that shares or other ownership*
22 *interests representing either (1) cumulatively more than 50 percent*
23 *of the total control or ownership interests in the entity are*
24 *transferred by any of the original coowners in one or more*
25 ~~*transactions;*~~ *transactions, or (2) when more than ____ percent of*
26 *the direct or indirect ownership interests in a legal entity are sold*
27 *or transferred in a single transaction, as defined in subparagraph*
28 *(B) of paragraph (1) of subdivision (c) of Section 64. The law*
29 *further requires that a change in ownership statement be completed*
30 *and filed whenever a written request is made therefor by the State*
31 *Board of Equalization, regardless of whether a change in ownership*
32 *of the legal entity has occurred. The failure to file a change in*
33 *ownership statement within 90 days from the earlier of the date of*
34 *the change in ownership of the corporation, partnership, limited*
35 *liability company, or other legal entity, or the date of a written*
36 *request by the State Board of Equalization, results in a penalty of*
37 ~~*10*~~ *15 percent of the taxes applicable to the new base year value*
38 *reflecting the change in ownership of the real property owned by*
39 *the corporation, partnership, limited liability company, or legal*
40 *entity (or 10 15 percent of the current year’s taxes on that real*

property if no change in ownership occurred). This penalty will be added to the assessment roll and shall be collected like any other delinquent property taxes, and be subject to the same penalties for nonpayment.”

(c) In the case of a corporation, the change in ownership statement shall be signed either by an officer of the corporation or an employee or agent who has been designated in writing by the board of directors to sign such statements on behalf of the corporation. In the case of a partnership, limited liability company, or other legal entity, the statement shall be signed by an officer, partner, manager, or an employee or agent who has been designated in writing by the partnership, limited liability company, or legal entity.

(d) No person or entity acting for or on behalf of the parties to a transfer of real property shall incur liability for the consequences of assistance rendered to the transferee in preparation of any change in ownership statement, and no action may be brought or maintained against any person or entity as a result of that assistance.

Nothing in this section shall create a duty, either directly or by implication, that such assistance be rendered by any person or entity acting for or on behalf of parties to a transfer of real property.

(e) The board or assessors may inspect any and all records and documents of a corporation, partnership, limited liability company, or legal entity to ascertain whether a change in ownership as defined in *subparagraph (B) of paragraph (1) of subdivision (c) or subdivision (d) of Section 64* has occurred. The corporation, partnership, limited liability company, or legal entity shall upon request, make those documents available to the board during normal business hours.

SEC. 4. Section 480.9 is added to the Revenue and Taxation Code, to read:

480.9. The board shall notify assessors if a change in control or a change in ownership described in Section 64 has occurred.

SEC. 5. Section 482 of the Revenue and Taxation Code is amended to read:

482. (a) (1) If a person or legal entity required to file a statement described in Section 480 fails to do so within 90 days from the date a written request is mailed by the assessor, a penalty of either: (A) one hundred dollars (\$100), or (B) 10 percent of the

1 taxes applicable to the new base year value reflecting the change
2 in ownership of the real property or manufactured home, whichever
3 is greater, but not to exceed five thousand dollars (\$5,000) if the
4 property is eligible for the homeowners' exemption or twenty
5 thousand dollars (\$20,000) if the property is not eligible for the
6 homeowners' exemption if the failure to file was not willful, shall,
7 except as otherwise provided in this section, be added to the
8 assessment made on the roll. The penalty shall apply for failure to
9 file a complete change in ownership statement notwithstanding
10 the fact that the assessor determines that no change in ownership
11 has occurred as defined in Chapter 2 (commencing with Section
12 60) of Part 0.5. The penalty may also be applied if after a request
13 the transferee files an incomplete statement and does not supply
14 the missing information upon a second request.

15 (2) The assessor shall mail the written request specified in
16 paragraph (1) to the mailing address of the transferee as provided
17 by subdivision (f).

18 (b) If a person or legal entity required to file a statement
19 described in Section 480.1 or 480.2 fails to do so within 90 days
20 from the earlier of (1) the date of the change in control or the
21 change in ownership of the corporation, partnership, limited
22 liability company, or other legal entity, or (2) the date of a written
23 request by the State Board of Equalization, a penalty of ~~10~~ 15
24 percent of the taxes applicable to the new base year value reflecting
25 the change in control or change in ownership of the real property
26 owned by the corporation, partnership, or legal entity, or ~~10~~ 15
27 percent of the current year's taxes on that property if no change
28 in control or change in ownership occurred, shall be added by the
29 county assessor to the assessment made on the roll. The penalty
30 shall apply for failure to file a complete statement with the board
31 *following a transfer of legal entity ownership interests*
32 notwithstanding the fact that the board determines that no change
33 in control or change in ownership has occurred as defined in
34 subdivision (c) or (d) of Section 64. The penalty may also be
35 applied if after a request the person or legal entity files an
36 incomplete statement and does not supply the missing information
37 upon that second request to complete the statement. That penalty
38 shall be in lieu of the penalty provisions of subdivision (a).

39 (c) The penalty for failure to file a timely statement pursuant to
40 Sections 480, 480.1, and 480.2 for any one transfer may be imposed

1 only one time, even though the assessor may initiate a request as
2 often as he or she deems necessary.

3 (d) The penalty shall be added to the roll in the same manner
4 as a special assessment and treated, collected, and subject to the
5 same penalties for the delinquency as all other taxes on the roll in
6 which it is entered.

7 (1) When the transfer to be reported under this section is of a
8 portion of a property or parcel appearing on the roll during the
9 fiscal year in which the 90-day period expires, the current year's
10 taxes shall be prorated so the penalty will be computed on the
11 proportion of property which has transferred.

12 (2) Any penalty added to the roll pursuant to this section
13 between January 1 and June 30 may be entered either on the
14 unsecured roll or the roll being prepared. After January 1, the
15 penalty may be added to the current roll only with the approval of
16 the tax collector.

17 (3) If the property is transferred or conveyed to a bona fide
18 purchaser for value or becomes subject to a lien of a bona fide
19 encumbrancer for value after the transfer of ownership resulting
20 in the imposition of the penalty and before the enrollment of the
21 penalty, the penalty shall be entered on the unsecured roll in the
22 name of the transferee whose failure to file the change in ownership
23 statement resulted in the imposition of the penalty.

24 (e) When a penalty imposed pursuant to this section is entered
25 on the unsecured roll, the tax collector may immediately file a
26 certificate authorized by Section 2191.3.

27 (f) Notice of any penalty added to either the secured or
28 unsecured roll pursuant to this section, which shall identify the
29 parcel or parcels for which the penalty is assessed, and the written
30 request to file a statement specified in subdivision (a), which shall
31 identify the real property or manufactured home for which the
32 statement is required to be filed, shall be mailed by the assessor
33 to the transferee at his or her address contained in any recorded
34 instrument or document evidencing a transfer of an interest in real
35 property or manufactured home or the address specified for mailing
36 tax information contained in the preliminary change in ownership
37 report. If the transferee has subsequently notified the assessor of
38 a change in address for mailing tax information, the assessor shall
39 mail the notice of any penalty, or the written request to file a
40 statement specified in subdivision (a), to this address. If there is

1 no address specified for mailing tax information on either the
2 recorded instrument, the document evidencing a transfer of an
3 interest in real property or manufactured home, or on the filed
4 preliminary change in ownership report, and the transferee has not
5 provided an address for purposes of mailing tax information, the
6 assessor shall mail the notice of any penalty, or the written request
7 to file a statement specified in subdivision (a), to the transferee at
8 any address reasonably known to the assessor.

9 *SEC. 6. Section 486 is added to the Revenue and Taxation*
10 *Code, to read:*

11 *486. (a) The board shall report to the Legislature, no later*
12 *than January 1, 2021, regarding the implementation of*
13 *subparagraph (B) of paragraph (1) of subdivision (c) of Section*
14 *64, including, but not limited to, the economic impact and*
15 *frequency of reassessments of real property owned by legal entities.*

16 *(b) (1) A report submitted pursuant to subdivision (a) shall be*
17 *submitted in compliance with Section 9795 of the Government*
18 *Code.*

19 *(2) Pursuant to Section 10231.5 of the Government Code, this*
20 *section is repealed on January 1, 2025.*

21 *SEC. 7. No reimbursement is required by this act pursuant to*
22 *Section 6 of Article XIII B of the California Constitution for certain*
23 *costs that may be incurred by a local agency or school district*
24 *because, in that regard, this act creates a new crime or infraction,*
25 *eliminates a crime or infraction, or changes the penalty for a crime*
26 *or infraction, within the meaning of Section 17556 of the*
27 *Government Code, or changes the definition of a crime within the*
28 *meaning of Section 6 of Article XIII B of the California*
29 *Constitution.*

30 *However, if the Commission on State Mandates determines that*
31 *this act contains other costs mandated by the state, reimbursement*
32 *to local agencies and school districts for those costs shall be made*
33 *pursuant to Part 7 (commencing with Section 17500) of Division*
34 *4 of Title 2 of the Government Code.*

35 *SEC. 8. This act provides for a tax levy within the meaning of*
36 *Article IV of the Constitution and shall go into immediate effect.*

37 ~~SECTION 1. Section 19522 of the Revenue and Taxation Code~~
38 ~~is amended to read:~~

39 ~~19522. (a) (1) (A) On or before February 1 of each year, the~~
40 ~~Franchise Tax Board shall submit to the Legislature a report on~~

1 all changes to the Internal Revenue Code enacted into law in the
2 prior year. To the extent possible, the report shall contain an
3 estimate of the revenue effect of conforming California law to
4 each of those changes.

5 (B) In the event that changes to the Internal Revenue Code are
6 enacted after September 15 of any year, the report described in
7 subparagraph (A) shall be submitted to the Legislature within 120
8 days after signature by the President of the United States, rather
9 than the 10th of January.

10 (2) The report required by this section shall be made available
11 to the public.

12 (3) It is the intent of the Legislature that the policy committee
13 of each house of the Legislature hold at least one public hearing
14 on the report required by this section.

15 (b) For any introduced bill which proposes changes in any of
16 the dates in Section 17024.5, the Franchise Tax Board shall prepare
17 a complete analysis of the bill which describes all changes to state
18 law which will automatically occur by reference to federal law as
19 of the changed date. The Franchise Tax Board shall immediately
20 update and supplement that analysis upon any amendment to the
21 bill. That analysis shall be made available to the public and shall
22 be submitted to the Legislature for publication in the daily journal
23 of each house of the Legislature. The digest of the Legislative
24 Counsel shall indicate that an analysis of the bill shall be prepared
25 by the Franchise Tax Board and printed in the daily journal of each
26 house of the Legislature.